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ABSTRACT

This document summarizes the preliminary findings of U.S. House of Representatives and research on the workings of the Job Training Partnership Act (JTPA) of 1982 during its first nine months. To prepare this print, the committee conducted Congressional forums and site visits in Seattle, Washington; Cleveland, Ohio; Nashville, Tennessee; and Portland, Maine. In addition, a field hearing was held in Jackson, Mississippi. Participants in the hearings and forums included state and local JTPA administrators, local elected officials, private industry council members, educators, spokespersons for various interest groups, and representatives of community-based organizations. The committee found that, in general, JTPA appears to have generated a great deal of enthusiasm among commentators, and that transition issues seem to have been resolved. The researchers also found that some of the problems with the Act stem from lack of knowledge of its provisions, rather than from the Act itself; however, it was felt that performance standards should be adjusted so that programs were not penalized for helping more seriously disadvantaged persons. Finally, the initial findings indicated that the transition is still proceeding as the full impact of the change in public policy from the Comprehensive Employment and Training Act (CETA) to JTPA is realized and institutional adjustments are completed. The report summarizes findings in each area of the Act (job training, program requirements, youth services, dislocated workers, job development, employment service, and national activities). (KC)

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98th Congress
2d Session

COMMITTEE PRINT

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PRELIMINARY OVERSIGHT ON THE JOB TRAINING PARTNERSHIP ACT

PREPARED BY THE

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

OF THE

COMMITTEE ON LABOR AND HUMAN RESOURCES

UNITED STATES SENATE

U.S. DEPARTMENT OF EDUCATION
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FOREWORD

As chairman of the Committee on Labor and Human Resources, and as a sponsor of the Job Training Partnership Act of 1982, I am pleased to approve the printing of the findings of the series of 1984 staff forums as a committee print entitled, "Preliminary Oversight of the Job Training Partnership Act". I hope that this committee print will be useful to the public as an informational document as well as to the Committee as a guide for planning further oversight activities in the 99th Congress.

Public Law 97-300, the Job Training Partnership Act, signed by President Reagan on October 13, 1982, was the result of a concerted bipartisan effort to fundamentally redesign our nation's employment and training system. The new program went into effect on October 1, 1983, beginning a nine-month transition period prior to the first full program year beginning on July 1, 1984. The Committee wishes to keep careful accounts on the progress of the JTPA. Specifically, it must be established whether any difficulties experienced by states or service delivery areas are temporary problems of adjustment, or will be permanent problems caused by the Act itself. It must also be discerned whether problems are felt across the country or are isolated in only a few areas.

As a first step in the Committee's oversight of JTPA, staff from both the House of Representatives and Senate committees were commissioned to conduct a series of public forums for the purpose of obtaining initial feedback from a cross-section of system participants on the benefits and problems they had perceived during the transition period. While this report notes several key issues raised by these participants, it is gratifying that the JTPA appears to be working quite well in these four major regions of our country and that corrective legislation is not necessary at this time. Additionally, it is most encouraging that JTPA seems to be re-building the credibility of federally-assisted job training programs in our communities and among employers. The success the JTPA has exhibited thus far is a tribute to the state and local partnerships throughout our country.

I want to commend Senator Dan Quayle, chairman of the Subcommittee on Employment and Productivity, for his leadership during the consideration of JTPA and for his commitment to its judicious implementation. The Department of Labor is also to be praised for its prompt issuance of operating regulations and performance standards, meeting or beating each of the statutory deadlines contained in the new law.

In keeping with the partnership concept embodied in the Act itself, the Committee looks forward to working with the Department of Labor, states, service delivery areas, and service providers to ensure the continued success of the Job Training Partnership Act in training economically disadvantaged citizens for jobs in today's labor markets.

ORRIN G. HATCH, *Chairman.*

LETTER OF TRANSMITTAL

U.S. SENATE,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC, December 4, 1984.

Hon. ORRIN HATCH,
Chairman, Committee on Labor and Human Resources, SD428, Dirksen Senate Office Building, Washington, DC.

DEAR MR. CHAIRMAN: In July and August, Congressional staff conducted preliminary oversight activities on the Job Training Partnership Act (Public Law 97-300). These activities included informal discussions with a wide range of administrators and policy makers along with site visits at the following locations: Seattle, Washington; Nashville, Tennessee; Cleveland, Ohio; and Portland, Maine. In addition, I held an oversight hearing in Jackson, Mississippi and we have received correspondence from throughout the country on the new job training system.

Reliable data that document the effectiveness of the program and its impact on trainees are not yet available. However the experience of individuals entrusted with setting policy and carrying out the daily operations of JTPA have provided us with some insights into issues that may deserve closer monitoring and investigation.

One caveat to these preliminary oversight findings is that the views expressed represent a limited number of individuals who are involved with the actual operation of JTPA. Due to limitations on time and resources, a comprehensive survey was not possible. Some significant perspectives are not presented in this report, including the general public, that is the tax payer who supports the program; individuals who are responsible for making broad based policy decisions, such as governors; and at the Federal level, the views of the Department of Labor are an important omission. Our preliminary oversight also does not take into account the views of national organizations that represent special interests such as youth, labor, minorities, and state and local government.

In many respects our preliminary findings are very encouraging. There is strong support for the partnership concept which is at the heart of JTPA. Many of the concerns that arose during the nine month transition phase (October 1983-June 1984) have been resolved over time and few comments were directed toward transition issues. Now, however, during this first full year of operation, some programmatic concerns are beginning to surface.

As we review the concerns raised about JTPA and consider what should be the Congressional response to those concerns, it is incumbent upon us to distinguish between problems with the structure of

the Act and problems with implementation of the Act. I would like to make three general observations.

First, we should bear in mind that JTPA reflects a very different public policy approach to job training. Commentators frequently expressed their concerns in terms of comparisons to CETA which shows that people are learning how JTPA and CETA differ.

For example, under JTPA, restrictions have been imposed on the amount of funds available for administrative costs and supportive services in order to ensure that most of the funds are spent on training. This reflects Congressional intent to narrow the focus and purpose of JTPA and encourage streamlining of administrative costs to accompany the move toward consolidation and larger service delivery areas. These changes, along with the greater authority given to Governors, should lead to better coordination between related training programs and supportive services.

Therefore, we must ask ourselves whether concerns about program requirements indicate problems with the structure of the Act and achieving its goals or simply the growing pains associated with adjusting to a new public policy toward job training.

A second related point is that there is evidence of a lack of knowledge or understanding of some provisions of the Act. An example of this relates to supportive services such as day care and transportation.

A limited amount of funds may be used for supportive services and a waiver on that limitation must be granted by the Governor if certain conditions are met. Many commentators did not know about the waiver. It is ironic that complaints about the high costs of transportation came from rural areas which have not requested waivers when these are the very situations the waiver provision was designed to accommodate. This points to another concern that was frequently raised regarding the administration of JTPA which is the need for more technical assistance.

This leads to my third observation that some concerns about the program stem from the way in which it is administered, especially at the Federal level. As an example: when a service delivery area was aware of the waiver provision and decided not to request one, the reason most often cited was that the additional costs for supportive services would adversely affect performance standards.

The performance standards, as required by the Act, should be adjustable so that service delivery areas are not penalized for the extra costs of serving those who need longer term training and additional supportive services. However, the performance standards that are currently being administered by the Department of Labor through regulations do not permit the necessary adjustments and recognize only the short term affects of training (job placement, wage at placement, cost per enrollee) as successful outcomes.

Consequently, creaming, or giving preference to serving only those who require short term inexpensive services in order to acquire a job, was a recurring topic among the commentators. At this time, comments regarding the inadequacy of the performance standards do not reflect a problem with the structure of the Act but rather an administrative problem.

In summary, our initial findings indicate that the transition phase is still proceeding as the full impact of the change in public

policy from CETA to JTPA is realized and institutional adjustments are completed. The way in which the Act is administered and lack of understanding of it are largely responsible for many of the concerns that were raised during this preliminary oversight investigation.

Along with evidence of lack of understanding of the new law, there is also evidence that the new program is developing. A great deal of confidence in JTPA was expressed. This largely took the form of a consensus among commentators that Congress should avoid premature "tinkering" with the Act because some of the early implementation problems may resolve themselves without changes in the law.

My purpose in making these findings available is to share with my colleagues and the public at large the comments that we have received. I think it is important to let it be known that we are concerned about how the Act is implemented and that we are listening to the comments of those in the field who bear the greatest responsibility for job training programs. Therefore, I request your authorization for the printing of a committee print summarizing the findings of these preliminary oversight activities.

In closing, I would like to extend our appreciation to Karen Spar of the Congressional Research Service for her contribution to the writing of this report.

Sincerely,

DAN QUAYLE, *U.S. Senator.*

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PRELIMINARY OVERSIGHT ON THE JOB TRAINING PARTNERSHIP ACT

I. Introduction

The Job Training Partnership Act (Public Law 97-300) officially took effect in October 1983. The first nine months were generally considered a transition period which formally ended on July 1, 1984, when the first full program year began. During the summer of 1984, Congressional staff conducted preliminary oversight activities. The purpose of this oversight was to hear the reactions of JTPA practitioners and policy-makers to the new law, learn of their experiences under the new system, and gauge how well the program is working.

Numerous concerns and recommendations were raised which are addressed in detail in this report. In general, JTPA appears to have generated a great deal of enthusiasm among commentators. The issues and concerns discussed in the body of this report should be considered in light of the general consensus from people in the field that Congress should avoid premature "tinkering" with the Act. Some of the early implementation problems may resolve themselves without changes in the law, according to many commentators, who urged lawmakers to give the JTPA system enough time to become established without significant revisions.

This report summarizes the views that were received. It is not meant to be a scientific survey of activities under JTPA. Rather it presents the general perceptions of a wide variety of people involved in JTPA, based on the statements submitted during informal discussion forums, comments during site visits, and a field hearing, as well as the substantial volume of mail received by the Senate Employment and Productivity Subcommittee and other members of the Senate.

Congressional forums and site visits were held in Seattle, Washington; Cleveland, Ohio; Nashville, Tennessee; and Portland, Maine. In addition, the Senate Employment and Productivity Subcommittee held a field hearing in Jackson, Mississippi. Participants in the forums and hearing represented a wide range of individuals involved with the actual operations of JTPA: State and local administrators; local elected officials; private industry council members; educators; spokesmen for various interest groups such as organized labor, the handicapped, Native Americans, and women; and representatives of community based organizations.

II. Summary of Findings

A. THE JOB TRAINING SYSTEM

Although JTPA, like CETA, provides job training for the economically disadvantaged, the system for planning and delivering

training is dramatically changed under the new law. Two of the most significant structural changes are the addition of a substantial State role, in administering Statewide activities and overseeing local programs, and the equal sharing of responsibilities between government agencies and private industry in planning and operating local programs. The core of the program is the partnership at the local level between elected officials and private industry councils (PICs).

At least 51 percent of PIC members must represent private industry and the chairman must be a private sector representative. PICs and local elected officials jointly designate the grant recipient and administrative entity for the program, and agree upon a training plan. Training plans developed by the PICs and local governments must be approved by the Governor as part of the new role of the State. The Governor also is responsible for dividing the State into local service delivery areas.

The partnership concept at the State level is embodied in the Governor's state job training coordinating council, which is an advisory body. The state council is composed of representatives from private industry, local SDAs, major related State agencies, the State legislature, and representatives of eligible trainees, the general public, community-based organizations, organized labor, and local education agencies. Coordination among all these groups is intended to take place both at the State and at the local level.

Finally, JTPA reduced the role of the Federal Government in the job training system. Many of the programmatic functions of the Labor Department under CETA, have been transferred to the States under the new law. Remaining Labor Department responsibilities include general program guidance through the issuing of regulations, monitoring, technical assistance, and administration of national activities under title IV of the Act.

Local Public/Private Partnerships.—The partnership between local government and the private sector appears to be working successfully. Both PIC and local government representatives generally were united in their praise for the partnership concept. Some local areas had a head start in establishing and operating PICs because they had voluntarily granted greater authority to PICs that had been set up under CETA. PIC members who had never been involved in government training programs were enthusiastic about the program. In fact, several said they had been skeptical of past employment and training programs but were impressed by their experience under JTPA.

A Southeastern PIC chairman, who is a private accountant, said his initial hesitations about working with JTPA were quickly resolved. Another PIC chairman said the transition to the new program "has left most PIC members much smarter concerning JTPA, State Government, unemployment, the unemployed, and the needs of their communities." He added, however, the transition has left PIC members "exhausted and anxiously awaiting the hoped-for simplicity of this first regular year of JTPA implementation."

The structure of the working relationships arranged by PICs and local governments is varied. In some cases, the PIC is both the grant recipient and the administrative entity and in other cases, the local government serves these functions. Still others have es-

tablished separate agencies to act as grant recipient and administrative entity. A Southern SDA representative said his area had set up a private nonprofit corporation to serve as the administrative entity, grant recipient and to provide staff support to both the PIC and the local elected officials. Establishing this corporation separately from the traditional government agencies gave it greater credibility with the private sector. In fact, the corporation was physically located away from other government office buildings in a further effort to attract private employers who might be reluctant to work with government programs.

Several forum participants said PICs and local elected officials shared a joint staff. In one SDA, the executive director of the PIC was actually on loan to the program from a major corporation in the area. A Midwestern spokesman said his PIC was the administrative entity for the SDA and applied general business principles to its operation. JTPA "belongs to the private sector," he said, and therefore has achieved credibility with private employers.

JTPA's credibility with the overall employer community is demonstrated in various ways, ranging from simple acceptance of the philosophy of the program to an active role in the provision of training, primarily through on-the-job training (OJT) contracts. Several forum participants noted that OJT in the private sector had increased under JTPA. A Southern Chamber of Commerce spokesman said OJT is the "brightest spot" of the JTPA program and several employers said they liked OJT because of the wage reimbursement and the minimum of paperwork. Several SDA representatives said their administrative entities handled all the paperwork for private employers in OJT contracts and thereby avoided a potential barrer to private sector participation.

Local Administrative Cost Limitations.—JTPA requires that not more than 15 percent of each SDA's funds be used for administrative costs. Besides encouraging better administrative efficiency, the 15 percent limitation on administrative costs was intended to provide an incentive toward larger service delivery areas. This requirement was a frequent concern among PIC and SDA spokesmen. Several forum participants said JTPA is more expensive to administer than CETA and the 15 percent limit is a hardship, especially for small SDAs. At the same time, the use of fixed price unit contracts, appears to be widespread.

Under fixed unit price contracting, the SDA agrees with the service provider on a specific cost for training and related services inciuding administration. The service provider is reimbursed after training is completed and the individual is placed in a job. Such contracts ease the pressure on the 15 percent limitation because under JTPA, the entire costs of fixed price unit contracts may be counted as training costs; administrative costs do not have to be broken out. A number of forum participants said fixed-price contracts did provide some relief from the 15 percent limitation but nonetheless called for an increase in the administrative costs limit to 20 percent, which had been the practice under CETA.

A Midwestern PIC chairman said despite his interest as a taxpayer in keeping administrative costs low, "Overhead and fixed costs are necessary to run any business." A Northeastern SDA representative said that a difficulty with administering the 15 percent

limit is that, "problems may not surface in time for corrective action to take place, but may show up as audit disallowances long after the program being audited has ended." She added that the 15 percent limitation is a particular problem for SDAs with small allotments because "many of the basic systems required, in order to produce timely and accurate reports, are the same whether the funds available for operating the program are small or large." None of the commentators discussed the possibility of merging into larger service delivery areas in order to adjust to the 15 percent requirement.

State-Local Relations.—While the partnership between the public and private sectors appears to be forming successfully in most places, relations between the State and local levels vary widely from State to State.

States are required to pass 78 percent of their title II-A block grant allotment on to local service delivery areas and the remaining 22 percent are set aside for certain statewide activities. Set-asides at the State level include: 5 percent for State administration, including expenses of the State job training coordinating council; 6 percent for incentive awards for SDAs that meet or exceed performance standards or for technical assistance for SDAs having difficulty meeting performance standards; 8 percent for education coordination grants; and 3 percent for programs for older workers.

States have taken a variety of approaches to their new functions in the employment and training system. A Northwestern SDA spokesman said initial attempts to form a partnership between SDAs and the State was "hampered by uncertainty." He said it took time to sort out respective roles and responsibilities.

A Western PIC representative said her State has chosen a "top-down" approach to planning. "I am not convinced that putting another layer of bureaucracy between the Federal and local establishments will contribute to quality in program activities," she said, noting that the State legislature has mandated additional responsibilities for the PICs with no additional funds to carry them out. The legislature in a Midwestern State has mandated certain PIC composition requirements, according to an SDA representative, who also expressed concern with the new role of the State. A PIC spokesman in the same State said PICs and SDAs should be allowed direct access to the Federal Government for interpretations of the law, either together with the State or independently.

Another SDA representative complained that the State is establishing quotas for certain target population groups. "The State bureaucracy has tightened its stranglehold on local PICs," according to a PIC chairman in another State. A Midwestern State SDA association warned that if control of JTPA completely shifts to the State level, "local partnerships will dissolve as a result of the loss of control and responsibility. The private sector, particularly, will not become involved in a program for which they have no responsibility at the local level."

At the same time, forum participants and commenters from other States were pleased with their States' administration of JTPA. A Northwestern State council representative said State-local relations were excellent, primarily because of the State's decision to take a "bottoms-up" or decentralized approach to planning,

rather than mandating policy at the State level and imposing decisions on the PICs and SDAs. This assessment was echoed by PIC and SDA spokesmen from that State.

In one Southeastern State practitioners involved in JTPA at all levels agreed the State had been responsive to the needs of local SDAs and PICs. The primary complaint at the local level in that State was that paperwork requirements were excessive. However, the State JTPA administrator noted that JTPA is a cumbersome program to administer, primarily because of the various set-asides and categories of participants that must be tracked. "We would certainly welcome the opportunity to lessen accountability requirements and ease the administrative burden on the SDAs," she said, recommending that the program become a more streamlined block grant.

State Administrative Cost Limitations.—A number of State administrators commented that the program was difficult to operate at the State level, particularly with only 5 percent of funds available for administration and other State-level activities. A New England State administrator said his professional staff welcomed the opportunity to "think for themselves" afforded by the law's flexibility, but said the 5 percent set-aside was inadequate, especially for States with relatively small allotments. A minimum amount of fixed administrative costs are associated with any program, regardless of the overall size of the State, which makes a percentage limitation a special burden for States with small grants. After the costs of auditing, administration and the State council, few funds are left over for such activities as labor market information, he said. He recommended a minimum State staffing level be established for every one million of JTPA dollars, and that States be held harmless at that level. This concern was echoed by a State council representative in another New England State who said the 5 percent set-aside leaves insufficient funds for technical assistance and services to special target population groups.

State Coordination.—State attempts at coordinating JTPA with related programs received mixed reviews. Coordination requirements are frequently one-way, said a number of people, with JTPA required to coordinate with other programs but no similar requirements for other programs to coordinate activities with JTPA. For example, a Northwestern SDA spokesman said JTPA administrators are unable to gain access to welfare data from the State welfare agency which are needed to identify savings in welfare costs as a result of JTPA participation. On the other hand, a State council representative in another Northwestern State said successful coordination with the welfare agency resulted in a rules change to enable greater participation in JTPA programs by welfare recipients.

A Midwestern local elected official and State council member said effective coordination could address the issue of creaming, or serving only the most employable, in JTPA. For example, certain services difficult to provide under JTPA, such as adult basic education and preparation for high school equivalency tests, could be offered through the State education system, if it was required to coordinate with JTPA, and other Federal programs such as the Vocational Education Act and the Adult Basic Education Act. Several

people said greater coordination is needed with such Federal programs as Community Development Block Grants and Urban Development Action Grants. However, representatives from related programs, in several States including State education and economic development agencies, said they were generally pleased with the level of their coordination with JTPA and felt it had increased since enactment of the law and the creation of State job training coordinating councils.

State-Administrated Program.—Opinions varied concerning State administration of the set-asides, such as education coordination grants and programs for older workers. Several PIC and SDA representatives advocated that these set-aside funds be automatically provided to the SDAs or eliminated entirely. A New England PIC chairman said the set-asides create "programming confusion" because local agencies don't always know what services are being provided to different population groups under the various funding categories. A Northwestern SDA representative said the set-asides have created a "proliferation of uncoordinated special interest agencies." A Midwestern SDA spokesman also said the set-asides have created confusion, as well as funding delays and communciations problems. He said the education and older workers set-asides should go directly to the SDAs, rather than to the States.

At least with regard to the 8 percent set-aside for education, however, several State JTPA and education agency directors said the funds were achieving the goal of coordination at the State level. A Midwestern State vocational education director said the 8 percent funds are being monitored by a new advisory council, composed of the State education agencies, SDA and State coordination council staff, the State's management and budget office, and the State SDA association. He felt strongly that the partnership between education and job training was working effectively, as did educators from several other States, although he and others were concerned about the matching requirements.

Under the law, the 8 percent set-aside for education is divided into two parts. Of the total amount set aside for education, 20 percent is to be used for development of cooperative agreements between education agencies and SDAs. The remaining 80 percent are required to be used for services to eligible participants and these funds must be matched equally by the State education agencies. Both JTPA and education administrators in a number of States said the matching requirement was difficult to meet, admininstratively burdensome and an "unnecessary operational complication."

One Midwestern vocational education director said the grants were not promoting coordination. He recommended that the law specify the funds should be received and administered by the State vocational education agency.

The Federal Role.—A number of commenters said they endorsed the Act's goal of limiting Federal intervention in the training program, but many also felt the Labor Department has taken too much of a "hands-off" approach.

States and SDAs are primarily concerned with the lack of guidance from the Labor Department in interpreting the law and regulations. Many people pointed out that States are interpreting issues differently. The result, according to a number of commenters, is

"paranoia" on the part of the States, which have no assurances that their interpretations and decisions will not later be overturned by the Federal Government. The concern is especially acute with regard to audits.

In several States, the practical effect is over-regulation and excessive paperwork imposed on SDAs. One Southern SDA spokesman said his State has been overly cautious, and has kept all paperwork requirements from CETA, plus added further requirements. Another SDA representative from the same State said, "We do not need an over-regulated Federal approach replaced with an over-regulated State approach." Concern about excessive State regulation, resulting from a lack of Federal guidelines, was echoed by SDAs and PICs in many parts of the country.

Several State JTPA administrators said they did not necessarily want the Labor Department to prescribe definitive interpretations of all aspects of program implementation and operation; rather, they wanted assurance that their own interpretations would be accepted and not overturned by later policy decisions at the Federal level. A Northwestern State JTPA administrator said there is a fear that the Labor Department's "'hands-off' attitude will backfire on the States when audits are performed."

At the same time, other State administrators said they would welcome more specific guidance from the Labor Department. "This national initiative . . . demands a national level focus," said a Northeastern State administrator. Many local SDAs also requested greater Federal guidance and monitoring of the States, in the hopes that exessive State regulations would be eliminated.

A Northwestern local elected official said he welcomed the flexibility allowed by the reduced Federal intervention and the "hands-off" approach of both the Federal and the State Governments. And, one New England State JTPA administrator questioned whether the Federal role had in fact been reduced. Pointing to a "voluminous" compliance review guide, he questioned whether the Federal Government was a "partner or a policeman."

Most commenters said the Labor Department should issue uniform national reporting requirements and should limit the ability of States to impose additional requirements. National uniform definitions are needed, particularly of terms relating to liability, such as recipient, subrecipient, and grantee.

Communications from the Federal level down to the States and SDAs was cited as a problem by several people. One SDA said his State promptly passes on any information received from the Labor Department, but that such communications are few. Several people said the Labor Department occasionally writes letters to individual Governors, providing interpretations of the law and regulations or other information, but States are not sure if such interpretations apply nationwide.

Finally, several forum participants and other commenters requested additional technical assistance from the Federal Government and a national mechanism for disemmination of information about model programs.

A number of SDAs also requested a modification of Labor Department regulations dealing with administrative cost-pooling. Although pooling is allowed, States and SDAs still must submit re-

ports by various cost categories, which undermines the purpose of cost-pooling, according to several commenters.

Performance Standards.—Programs under JTPA are held accountable to mandatory performance standards, as established by the Secretary of Labor. The Act itself says the best measure of the return on JTPA's investment is the increased employment and earnings of participants and the reduction in welfare dependency. According to the Act, the Secretary may include the following factors in measuring the success of programs serving adults; placement in unsubsidized employment; retention in unsubsidized employment; increase in earnings, including hourly wages; and reduction in the number of individuals and families receiving cash welfare payments and the amount of such payments. Performance standards should be varied taking into account the characteristics of the enrollees and the State and local economy.

The Labor Department has issued regulations for performance standards which, for adults, measure a program's job placement rate, the placement rate for adult welfare recipients, cost per entered employment, and average starting wage. Success in programs serving youth is measured according to job placement rates, positive termination rates (positive terminations include job placements as well as other outcomes such as attainment of certain employment competencies), and cost per positive termination. Service delivery areas which meet or exceed their performance standards may receive incentive bonuses or technical assistance from funds set aside at the State level for this purpose.

Support for the concept of a performance-based training system was wide-spread among individuals commenting on the implementation of JTPA. Few people said their programs were having difficulty meeting the national standards, and most said their programs were either meeting or exceeding them. Nonetheless, there was concern that the performance standards, as established by the Department of Labor, might be discouraging service to the most disadvantaged groups among those eligible for JTPA.

Several commenters noted that the Labor Department's regulations for performance standards measure placement in employment only, and not retention or increased earnings and reduced welfare dependency as required by the Act. A Northwestern women's program representative said performance standards should measure wage gains and not simply job placement with no follow-up to determine whether the job has actually been of long term economic benefit to the participant. It is important to know whether job placement is long-term or "just long enough to be counted as part of the service provider's performance," she said.

According to a number of commenters, attainable standards should be established for these individuals, who may need extensive remedial education and employability development before entering an occupation-specific training program. By rewarding programs which keep their costs per participant low, performance standards discourage long-term and expensive training, said several forum participants.

Commenters said the needs of the very disadvantaged might be overlooked in programs primarily interested in low-cost job placement. Those who are most in need and difficult to serve also are

the most costly to serve and the most difficult to place in jobs. According to numerous forum participants, the current performance standards, with their emphasis on high placement rates at low costs, may lead to creaming, or serving only the most employable. A representative of a Middle Atlantic organization, which serves the handicapped, said potentially costly clients, including the disabled, are screened out of many programs, because they will jeopardize the program's cost and placement ratios.

A Northwestern women's program representative warned that JTPA is in danger of becoming an expensive placement service, rather than a training program. A forum participant from another women's organization, in the Midwest, said performance standards make it difficult for SDAs to operate programs geared toward occuptional development or overcoming sex-stereotyping because long-term training is discouraged since it is expensive and drives up the cost per trainee. In the interests of quick job placement, she said women will continue to be trained and placed as clerk-typists and in other high-demand occupations with low wages and limited mobility.

In addition, uniform definitions are needed in measuring performance within States and throughout the country, according to a number of forum participants. The Labor Department should issue uniform national definitions of such terms as "enrollment," "entered employment," "termination," and "job placement." Leaving such definitions up to the States, said an SDA spokesman, will result in "50 different ways of measuring success and Congress will be unable to judge the effectiveness of JTPA in producing a return on this human investment." Uniform definitions are essential, according to another SDA, to prevent "complete manipulation" of the performance standards.

Performance-based contracting, or fixed price unit contracting, according to a national women's organization, gives service providers an incentive to place participants in any job as quickly as possible. A Western local elected official said fixed-price unit contracting is a "mixed blessing." It is administratively simpler, he said, but, "When money is at stake, contractors are less willing to risk failure." As a result, only the most employable get served.

Both mandatory performance standards and fixed-price unit contracting were hailed as positive features of JTPA, but a number of commenters agreed that the current regulations for performance standards need to be revised to reflect the added costs of serving extremely disadvantaged target groups, to recognize the attainment of certain employment competencies for adults as well as for youth, and to measure increased earnings and reduced welfare dependency.

The Act allows Governors to vary national standards, within parameters established by the Secretary of Labor, to reflect certain factors within the State or individual service delivery areas, as well as the characteristics of the population to be served and the types of services to be provided. The Labor Department developed a regression model as one option for States to use in varying the national standards. Although a number of forum partcipants said their States were using the regression model, many felt nonethe-

less that the performance standards do not adequately address the problem of serving extremely disadvantaged groups.

Service Deliverers.—JTPA allows SDAs and PICs jointly to design training programs and to select service deliverers. No agency or system is singled out in the law as a presumptive delivery agent for services, and demonstrated performance is the primary consideration to be used in selecting providers. The Act says proper consideration must be given to community-based organizations and that JTPA funds should not duplicate existing services unless alternative service providers would be more effective in meeting the SDAs performance goals. SDAs and PICs must give appropriate education agencies the opportunity to provide educational services unless the administrative entity demonstrates that alternative agencies would be more effective or likely to enhance participants' occupational and career growth.

A number of representatives of community based organizations, as well as others, said the new emphasis on fixed-price unit contracting, in which providers are paid the agreed-upon cost of training after training is completed and participants are placed in employment, has hampered the ability of community-based organizations to take part in the program. Community based organizations often do not have the financial resources necessary to operate on a cost reimbursement basis. "Cash flow becomes a serious or fatal problem" for community-based agencies, according to a PIC chairman from a Western State. As a result, certain services traditionally provided in some areas through community-based organizations, such as remedial and alternative education, are no longer being offered under JTPA. A number of commenters noted that the program's performance standards, which emphasize job placement as the primary positive outcome for adults, discourage the provision of remedial and support services, which are frequently supplied by community-based groups.

Community-based organizations are not the only agencies handicapped by the retrospective payment system of fixed-price unit contracting, according to several commenters. An entire community college system in one State withdrew from JTPA participation because of its legal counsel's opinion that the education system could not "gamble . . . on the hope of later reimbursement." Likewise, representatives of organized labor said many labor groups have been eliminated from JTPA because of fixed-price unit contracting.

A southeastern SDA representative said his PIC had decided to use fixed-price unit contracts exclusively. While he agreed with this decision, he noted, "It does by necessity eliminate some agencies and/or institutions from bidding on training which we would like to see offered." At the same time, he agreed with the principle that "deliverers of services should be selected on the basis of performance and not other factors."

Several public education agency representatives expressed confusion about their role under JTPA. Although schools are not designated presumptive delivery agents for educational services, they must be given the opportunity to provide such services unless alternative providers are determined to be more effective. Yet, spokesmen for public education agencies in the West and Midwest said they had been left out of the JTPA system entirely. On the other

hand, a Southeastern PIC chairman said public education agencies are always favored over other private contractors to provide education services in his SDA, if they meet the PIC's requirements.

Several education agencies also said they were satisfied with their role under JTPA. A Northwestern local elected official said the system of selecting service providers in general has resulted in greater coordination among delivery agents. This system "has caused government agencies to develop an urgency to perform," he said. "It has also brought out the political and bureaucratic protection systems and a fight for turf. This has forced cooperation between good administrators and, more provincial attitude on the part of others."

B. PROGRAM REQUIREMENTS

There are limits on the amount of funds available for income support and supportive services for participants. Service delivery areas may spend no more than 30 percent of their title II allotments for the combined costs of administration, supportive services, stipends and allowances. Of this 30 percent, no more than half may be spent for administration, leaving the rest for participant support costs and supportive services, such as child care and transportation. The Act allows SDAs to request a waiver of the 30 percent limitation in certain cases. The Governor must grant the waiver if the SDA meets criteria specified in the Act.

Supportive Services.—The limitation on supportive services concerned a number of forum participants. In particular, representatives of rural areas stressed throughout the forums that transportation is lacking in sparsely populated regions. Likewise, child care facilities are limited in these areas. Without these services many eligible individuals cannot participate in the training program. According to a number of people, the Act's limits on the amount of funds that can be used for these activities is a barrier to participation in training. Some of the commenters who expressed this concern were unaware of the Act's provision for a waiver on the limitation on supportive services.

Several SDA and PIC representatives said child care is needed by most parents in order to participate in training, particularly single parents. A community-based organization in a Middle Atlantic State said several women brought their children with them to a training program in housing rehabilitation, because day care services were not available.

Another community-based organization in a Southeastern State said extremely disadvantaged people need an extensive network of supportive services to succeed in training, but such services are limited under JTPA. Follow-up services after job placement, such as counseling and day care, also are needed but difficult to provide, according to a Northeastern program for the handicapped.

Although the Act allows SDAs to request a waiver of the limitation on supportive services, few forum participants had requested waivers. Some SDA's said they had been discouraged from requesting waivers, and several were unaware the waiver authority existed. Still others said they did not request waivers because the additional spending on supportive services would reflect negatively on

their performance measures. (See earlier discussion on performance standards.) A Northeastern SDA association said local areas should not have to undertake the administrative burden of requesting a waiver; flexibility in this area should be built directly into the law.

Stipends and Needs-Based Payments.—The same limitations applicable to supportive services also apply to the payment of stipends or training allowances. In addition, if an SDA chooses to provide stipends or allowances, JTPA requires that they be based on the trainee's actual need.

Administrators reported varying approaches to the issue of needs-based payments. Some SDAs simply don't provide such payments, others reported paying a dollar an hour to trainees for transportation and meal costs, and others said they pay up to $50 a week to trainees with no other form of income. Some SDAs automatically disqualify enrollees from receiving needs-based payments if they are receiving income from another program such as Aid to Families with Dependent Children (AFDC) or unemployment insurance (UI).

The effect of these limited payments on the types of people who participate in JTPA also seems to vary. One Northeastern SDA reported that as many as 75 percent of potential trainees have declined to participate because of the lack of payments. A Midwestern private industry council member said individuals who began training have been forced to drop out because of their limited financial resources. A Northwestern local government official said the lack of stipends has made it difficult to serve youth, who turn down long-term training in favor of "a job—any job that pays enough to get by." Heads of households find it difficult to participate in the program, without adequate income to support their families. A Midwestern SDA administrator wrote, "Many enrollees are falling through the cracks because they cannot afford to be in class. I foresee that we will become a program only for AFDC recipients and persons drawing UI benefits. There are other clients who need us."

At the same time, some people said JTPA trainees appear more motivated than previous CETA enrollees, some of whom may have been motivated at least in part by the minimum wage stipend provided under CETA. However, these people also noted that some JTPA trainees are better educated than their counterparts under CETA, and therefore perhaps did not need long-term training.

The issue of "creaming," or serving those who are easiest to place in jobs, was a recurring topic during the congressional forums. However, while there was a general feeling that JTPA created the potential for creaming, there was no agreement as to whether creaming was actually occurring. Many commentators did not think creaming was an issue. Among those who believed creaming was occurring there was disagreement as to whether it was a positive or negative aspect of JTPA.

No one offered statistical evidence that the characteristics of JTPA trainees are different from those of CETA trainees. And, several reported early data showing that demographic characteristics are actually very similar. A Northwestern SDA representative said "The combination of limited support money for participants, the

absence of a work experience component, and the emphasis on program performance, while not misplaced, raises the issue that JTPA, as currently funded and implemented, is not designed to serve the truly needy among the eligible population. However, we have reviewed demographic data describing those served under CETA and those served under JTPA. We found no percentage decrease in service to targeted groups. Moreover, the JTPA program appears to be more successful in serving and placing women, high school dropouts and welfare recipients. It's clear JTPA is working, although severely underfunded. We are able to serve less than 3 percent of the 130,000 individuals who are eligible."

A Southeastern State administrator noted that while characteristics of participants are the same in his State, the type of training provided has changed from CETA to JTPA. The major change resulting from the limitations on participant support appears to be in the length of the training period. An association of SDAs in one Northeastern State said programs are turning to short-term training. Without stipends and allowances, trainees have no financial incentive to remain in a long-term program and tend to drop out when the training becomes more difficult. A New England PIC member expressed concern that only people who can afford to remain out of the labor market for some period of time will benefit from long-term training.

A Southeastern PIC member said the limits on participant support have reduced the number of people interested in classroom training in general. One of the intentions of JTPA was to increase the percentage of people enrolled in on-the-job training, in which employers are reimbursed for a portion of the trainee's wage. In fact, a number of forum participants indicated that on-the-job training has increased, largely because of the added involvement of the private sector in planning the program, but also because OJT is a way of providing income in the form of wages. At the same time, employers participating in OJT reported that its success depends on careful screening of participants, so that only those most likely to succeed in the job are referred to the employer.

While the limits on income support were considered a problem by many forum participants, no one advocated a return to the CETA practice of minimum wage allowances for all trainees. However, a significant number of participants requested greater flexibility in the provision of needs-based payments. One Northeastern SDA representative said needs-based payments should be based on the individual's actual need, and not on what the SDA can afford to pay.

C. YOUTH SERVICES

Economically disadvantaged youth are a major target group under the Act. JTPA requires service delivery areas to spend at least 40 percent of their funds under title II-A for low-income individuals aged 16 to 21. This requirement reflects a major national policy decision to earmark a minimum level of services to youth in response to continuing high rates of youth unemployment. This percentage may be adjusted up or down, depending on the actual proportion of disadvantaged youth in the service delivery area.

SDAs also are required to serve high school dropouts according to their proportion of the eligible population in the area. Furthermore, a separate summer youth employment program is authorized by title II-B.

40 Percent Requirement.—The 40 percent youth requirement was a common concern among program administrators during the congressional oversight forums, field hearing, and in letters submitted to Congress. Many SDA and PIC representatives said this requirement was too high and burdensome. According to many commentators services to youth, especially in-school youth, are often less costly on a per-person basis than services to adults, resulting in a disproportionately high number of youth being served in comparison to adults. A New England SDA representative said 50 percent of her program's participants are youth but only 32 percent of funds are being spent for youth services. She said that if they increased spending to 40 percent for youth, 65 percent of enrollees would be youth. A Western local elected official said his SDA is spending 35 percent of its funds on youth, but 44 percent of participants are youth.

The law's provision allowing variation of the 40 percent youth requirement, was not being implemented in all States. In fact, some forum participants were unaware that the provision existed in the law. However, representatives from areas which had adjusted the percentage also were experiencing difficulty meeting the 40 percent requirement.

A number of forum participants asked for relief from the 40 percent requirement by allowing SDAs to establish their own percentage for youth services, or by applying the 40 percent requirement to the number of participants rather than the amount of funds.

Barriers to Youth Services.—Commenters also said provisions in the law make it difficult to attract and serve youth effectively. Several pointed out that if these provisions were modified, the 40 percent youth requirement would be more attainable.

For example, work experience is limited under JTPA. Half the cost of work experience programs which meet certain requirements dealing with duration of the program and provision of classroom training, may be counted as training costs and the remaining half must be counted as nontraining costs, or applied to the 30 percent available for administration and supportive services. Work experience programs which don't meet the requirements must be funded completely from the 30 percent reserved for non-training costs. According to several commenters, this provision has virtually eliminated work experience for youth as a program activity.

With the limitations on work experience, on-the-job training is the primary alternative for giving people "real-life" job experience. Yet employers are reluctant to hire unskilled young people with no proven work record and a higher likelihood of turnover, according to several forum participants and other commenters. Consequently, according to a Midwestern SDA representative, youth need work experience in order to compete with adults for unsubsidized jobs and on-the-job training slots.

A number of people recommended that work experience in the private sector be allowed under the Summer Youth Employment Program, title II-B of JTPA. Historically, the summer program

provided work experience only in the public sector. Comments made during the congressional forums indicate that, at least in regard to the summer program, people may be unaware that private sector work experience in the summer program is allowed under JTPA.

The Act also authorizes a series of exemplary youth programs which SDA's may elect to operate. These include a limited amount of subsidized "tryout" employment with private sector employers (and public sector employers, in some limited cases), subject to certain limitations on the number of hours the youth may participate. For the most part, however, forum participants indicated these exemplary programs were not being implemented to a great extent.

Other barriers to youth participation in JTPA, according to many commenters, are the Act's restrictions on payment of stipends and allowances and the limitations on supportive services.

Performance Standards for Youth.—A further concern expressed during the forums, which has since been resolved through legislation, dealt with the Labor Department's regulations on fixed price unit contracting. Under Labor's regulations, the performance standards recognize that attainment of employment competencies may be used to evaluate youth programs (considered a positive termination), but job placement was the only outcome recognized as a successful outcome for fixed price unit contracts. However, legislation enacted at the end of the 98th Congress addressed this issue and added positive terminations for youth in addition to job placement as acceptable program outcomes for fixed unit cost contracting (P.L. 98-524).

D. DISLOCATED WORKERS PROGRAM

Title III of JTPA authorizes services for dislocated workers, who are generally long-term unemployed individuals with little prospect of returning to their former job or occupation. Of the total funds appropriated, 75 percent are allocated to States and the remaining 25 percent are reserved for the Secretary of Labor's discretionary use. Unlike the title II-A program, title III planning takes place primarily at the State level. Local PICs and elected officials may review and comment on State plans for operating dislocated worker programs in their service delivery areas.

Matching Requirements.—Title III requires a dollar-for-dollar match of Federal funds with public or private non-Federal resources. This match can include the actual costs of providing employment and training services to eligible participants by State or local programs, private nonprofit organizations and private sector employers. The match also can include State unemployment insurance payments to eligible participants. In States with higher-than-average unemployment rates, the 50 percent matching requirement is reduced 10 percent for each percent by which the State's jobless rate exceeds the national average.

A number of forum participants objected to the matching requirement. Cash match is difficult for hard-pressed States to furnish, and in-kind matching contributions are burdensome and time-consuming to document. A New England State Job Training Coordinating Council member said dislocated workers primarily need

job search assistance and job club support, rather than classroom or on-job-training. However, it is easier to locate matching funds and in-kind contributions for classroom and on-job-training. He said, "Our first question in serving dislocated workers should be, 'how can we help,' not 'how can we match.'"

According to a labor official representing several Northwestern and Rocky Mountain States, labor organizations particularly suffer from the matching requirement. "Obviously, a local union that has lost its entire membership due to a plant closure cannot afford to supply match money," she said. (On the other hand, States in the Midwest have worked closely with labor in implementing title III programs. In some cases, the State match has been met with funds raised as a result of contract agreements to establish jointly funded training programs for employees.) Likewise, community-based organizations have a difficult time participating in title III programs as a result of the matching requirements, according to several forum participants.

JTPA's provision allowing States to use UI payments as a component of the match has not afforded relief for those States with long-term unemployed dislocated workers who have exhausted their benefits, said a number of people. Several forum participants requested that the matching requirement be eliminated from the Act or else that the match be defined as broadly as possible.

E. JOB DEVELOPMENT

Upgrading, Backfilling and Retraining.—Several forum participants pointed out that although upgrading and retraining for employed workers is an allowable activity under title II-A of JTPA, it is virtually eliminated as a result of the income eligibility criteria. Most employed individuals do not meet the definition of economically disadvantaged, nor can they be served under the 10 percent window, which is reserved for people with barriers to employment who do not meet the income criteria. Several participants suggested the 10 percent window be expanded to include people with barriers to advancement, as well as employment.

According to many private sector representatives, if JTPA programs were allowed to retrain and upgrade employed individuals in entry-level jobs, these lower level positions could then be "backfilled" by more than half the funds reserved for non-training expenses. A Midwestern Chamber of Commerce official and PIC member said his SDA is funding employment-generating services from the money reserved for participant support, although he is concerned this expense will be disallowed. In that case, he said, funds for job-creation will be virtually eliminated.

Several forum participants suggested that employment generating activities be funded from the 70 percent reserved for direct training costs. A Midwestern PIC chairman said employment-generating services and other marketing activities are essential for the success of JTPA, pointing out that a survey of employers in his State found that fewer than 10 percent were aware of the program's on-the-job training component. A Southeastern PIC chairman said JTPA must be effectively marketed to employers, "to help erase the stigma associated with past" Federal employment and training programs. Without substantial employment-generat-

ing services, "we will be training people for jobs that do not exist," according to another Midwestern PIC member.

Several SDAs said they had developed agreements with local city contractors and recipients of economic development assistance to hire a certain number of workers referred through JTPA. A Southeastern SDA spokesman said Federal economic development agencies should require use of JTPA by local recipients of Federal funds. A Midwestern PIC chairman recommended that JTPA provide a small but specific set-aside of funds directly to local SDAs for the development of linkages between local job training and economic development activities.

F. EMPLOYMENT SERVICE

Title V of JTPA contained the first significant amendments to the Wagner-Peyser Act since its initial passage in 1933. The Wagner-Peyser Act authorizes the U.S. Employment Service, a Federal-State public labor exchange system. The amendments contained in JTPA were designed to bring the Employment Service in closer coordination with the new job training program. The Act provides that local PICs will assist in developing local Employment Service Plans, which also will be certified by the State Job Training Coordinating Council. A new State allocation formula also was established by the amendments contained in JTPA, basing two-thirds of State Employment Service allotments on the size of the State's civilian labor force and one-third on the State's unemployment rate. Previously, Employment Service allocations had been based on a number of factors, including job placement rates. In addition, the amendment set aside 10 percent of each State's allotment for the Governor's discretionary use.

The chairman of a Midwestern PIC said coordination requirements between JTPA and the Employment Service were weak. He said his State has adopted a "top-down" management approach which has "continued to hinder the ability of local areas to truly coordinate these functions." He also said PIC review and comment on local Employment Service plans in his State has been "non-existent."

On the other hand, representatives of a Southeastern State said the amendments had reinforced the Governor's leadership and coordination role regarding the Employment Service and that State council review of the Employment Service plan had resulted in effective coordination.

A Southern State Employment Service director, however, objected to the new funding formula authorized by JTPA, which has cost his State substantial resources. He pointed out that the new formula does not consider the State's performance, the number of disadvantaged youth and adults in the State, or the added costs of service in rural areas. He said his State has been forced to cut services and to close a number of local Employment Service offices, and recommended a change in the formula which would base allocations equally on the State's civilian labor force, unemployment rate, as well as the State's job placement record. He also recommended additional funds be provided separately for labor market information.

Finally, a few forum participants were critical of their Governors' use of the 10 percent discretionary funds, which, they said, are not being effectively used.

G. NATIONAL ACTIVITIES

The Secretary of Labor is authorized to operate directly a series of national programs under title IV of JTPA, which include the Job Corps, research and evaluation, and national programs for veterans, Native Americans, and migrants and seasonal farmworkers.

Primarily in letters submitted to members of Congress, a number of Native American grantees objected to the Labor Department's administration of the Native American program. The law directs the Labor Department to use personnel with "particular competence in this field" to select, monitor and evaluate Native American employment and training programs. According to a number of commenters, this provision has been ignored. Further concerns included a fragmentation of responsibility for the Native American programs within the Department of Labor's Employment and Training Administration, and a lack of adequate technical assistance.

Despite reports of these problems with administration of the program, a national coalition of Native American grantees said local programs have increased their ties to the private sector and have increased job placement rates.

A spokesman for a local migrant and seasonal farmworker program also expressed concern with labor Department administration of the program, particularly with regard to audits. He said national grantees need audit guidance in order to prevent disallowed costs in the future, and he particularly requested that the results of informal audit resolution negotiations with individual grantees be shared with other recipients of funds.

A representative of a Southern Governor recommended that Governors be allowed a 30-day review and comment period before the Labor Department makes national contracts under title IV of JTPA.

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